

particular branch of industry in the hope of participating in its success. Owners of existing manufactories increased their plant, and the buoyancy of hope thus engendered spread beyond the manufacturing confines and incited speculation in all classes of securities.

When companies, also engaged in production and the 'distribution of the products, are thus securing considerable profits, the prices of their stocks and shares naturally advance as the result of the augmented dividends, and speculators alert for a yet more prosperous rise borrow the utmost capital they can command for purchases. The demand for money becomes more and more clamorous under competition, and the rate of interest ascends, to the profit of the lenders.

But the provision of money is not competent of indefinite supply. Paper documents or representative money may be manufactured in volumes, but the limit of expansion is measured sooner or later by the confidence in their convertibility into gold.

Lending institutions, for the integrity of their own obligations gradually grow alarmed—as these excited demands continue—about the disturbed equilibrium between their depleted reserves and congested liabilities. An attempt is made to diminish the pressure by advancing the rate of interest charged for loans, and fresh loans are ultimately refused and old ones called in.

With the exhaustion of the* monetary source the definite premonitions of collapse accumulate. The machinery being arrested the work abruptly ends.

As part of the universal recklessness an enormous general speculation in commodities and securities had alike occurred, and railways and other undertakings grasped the chance afforded by the feverish temper of the nation, to create fresh and extensive issues of bonds resting upon no real accession of material security.

The collapse was eminently aided by the disclosure of discredit associated with life assurance and other institutions of trust, in the use of the fiduciary funds of these bodies for purposes and enterprises entirely alien from the objects which those institutions were established

and trusted to promote.

We have noticed the submergence of
sanity of intellect in o